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February 5, 2003

**VIA HAND DELIVERY**

Daniel G. Lyons, Esq.  
Fox Rothschild O'Brien & Frankel  
2000 Market Street, 10<sup>th</sup> Floor  
Philadelphia, PA 19103-3291

Re: **National Healthcare Services, Inc. v. Penn Treaty American Corp.**

Dear Dan:

Following are defendants' supplemental discovery responses pursuant to the Court's order and our letter agreement dated January 14, 2003:

**Interrogatory No. 15**

From October 20, 1999 to November 5, 2001, PTNA received the following ratings from A.M. Best Company on the dates indicated: "B++" (June 6, 2000); "B- u" (March 30, 2001); and "C u" (September 14, 2001). Neither Penn Treaty nor SFCC receive ratings from A.M. Best Company.

**Interrogatory No. 16**

From October 20, 1999 to November 5, 2001, PTNA voluntarily consented to a suspension of its license to sell insurance in the following states on the dates indicated: Arizona (September 13, 2001); Florida (April 16, 2001); and Texas (September 21, 2001). PTNA's license to sell insurance was suspended in the following states and the District of Columbia on the dates indicated: District of Columbia (September 6, 2001); Georgia (October 9, 2001); Idaho (November 2, 2001); Illinois (September 26, 2001); Missouri (July 5, 2001); New Mexico (October 22, 2001); South Carolina (November 11, 2001); Tennessee (May 9, 2001); and Virginia (April 17, 2001). In addition, the State of New Hampshire amended PTNA's certificate of authority on October 25, 2001 to prevent it from selling insurance in that state. Neither Penn Treaty nor SFCC hold a license to sell insurance.



**Interrogatory No. 17**

Please refer to the foregoing supplemental response of defendants to interrogatory number 16.

**Interrogatory No. 18**


From October 20, 1999 to November 5, 2001, PTNA voluntarily ceased selling insurance products in the following states on the dates indicated: Alaska (September 13, 2001); Alabama (September 13, 2001); Arkansas (September 10, 2001); California (September 7, 2001); Colorado (May 9, 2001); Delaware (September 13, 2001); Georgia (September 13, 2001); Hawaii (September 13, 2001); Iowa (September 13, 2001); Idaho (September 13, 2001); Illinois (September 13, 2001); Indiana (September 13, 2001); Kentucky (September 13, 2001); Louisiana (September 13, 2001); Maryland (September 13, 2001); Michigan (September 13, 2001); Mississippi (September 13, 2001); Montana (September 13, 2001); North Carolina (May 10, 2001); North Dakota (September 13, 2001); Nebraska (September 13, 2001); New Mexico (September 13, 2001); Nevada (September 13, 2001); Ohio (September 13, 2001); Oklahoma (September 13, 2001); Oregon (September 13, 2001); Pennsylvania (September 10, 2001); Rhode Island (September 13, 2001); South Dakota (September 13, 2001); Utah (September 13, 2001); Vermont (September 13, 2001); Washington (September 13, 2001); Wisconsin (August 23, 2001); and Wyoming (September 13, 2001). Neither Penn Treaty Nor SFCC hold a license to sell insurance.

**Interrogatory No. 19**

The closing prices of defendant Penn Treaty stock on October 20, 1999 and November 5, 2001 were \$19.50 and \$2.95, respectively.

I have enclosed the quarterly and year-end SEC filings for defendant Penn Treaty for the period October 20, 1999 to November 5, 2001 (Bates Numbers PT015007-PT015314) as well as additional documents responsive to plaintiff's document requests (Bates Numbers PT013975-PT015006). Please let us know when we can expect plaintiff's supplemental responses to defendants' discovery requests.

Sincerely,



Douglas L. Fitter

DLF/pam  
Enclosures